



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SJ0012	Title:	Approve Bitterroot valley community college
Primary Sponsor:	Laible, Rick	Status:	As Introduced

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$767,105	\$850,469	\$876,233	\$989,278
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$767,105)</u>	<u>(\$850,469)</u>	<u>(\$876,233)</u>	<u>(\$989,278)</u>

Description of fiscal impact:

Approval by the Montana Legislature to establish the Bitterroot Valley Community College District in Ravalli County would indicate an on-going commitment of state general fund and local support.

FISCAL ANALYSIS

Assumptions:

1. The Bitterroot Valley Community College Effort and elected board have developed a website and have presented fiscal information at <http://www.bvcc-edu.org/BVCC-Links.htm>. The financial information in this fiscal note has been taken directly from the BVCC website but is also dependent on how existing Montana community colleges were funded in the 2011 biennium, as well as the proposed Bitterroot Valley Community College (BVCC) enrollment projections.
2. Financial projections for FY 2012 and FY 2013 are not available on the website but instead, roughly estimated from the financial information presented by the BVCC Effort for both years of the 2011 biennium.

3. 20-15-310, MCA, defines how the legislature is to fund community colleges (*[Projected Student Enrollment x Variable Cost of Education per Student] + Fixed Cost of Education x State Percent Share = State General Fund Budget*).
4. Approval by the Montana Legislature to establish a new community college would require state appropriations to be calculated in accordance with 20-15-310, MCA. The Montana Legislature has final authority over the amount of state funding appropriated to community colleges.
5. Based on the 2011 biennium state share for the existing three community colleges in Montana, it is assumed the state share appropriation for the proposed BVCC will be 44.0% for FY 2010 and FY 2011, and that percentage will continue through the 2013 biennium.
6. There is an annual student FTE increase of 57% between FY 2010 and FY 2011. It is assumed that the proposed BVCC will experience a considerable enrollment increase its first two years of course offerings but will come more in line with the existing community college enrollment thereafter. A 10% student FTE increase is assumed in FY 2012 and FY 2013.

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Annual Student FTE	157.5	248.5	273.4	300.7
State Share	\$767,105	\$850,469	\$873,233	\$898,278

7. In line with the student FTE increase, a 10% personal services expenditure increase is assumed for each year of the 2013 biennium.
8. There is a 9.5% operating expense increase from FY 2010 to FY 2011 and the same increase is assumed for both years of the 2013 biennium.
9. There is a 4% equipment expenditure increase between FY 2010 to FY 2011 and the same percentage is assumed for each year of the 2013 biennium.
10. Although the scholarship expenditures increased in FY 2011, these expenses are assumed flat for the 2013 biennium.
11. There is no increase for the contingency fund in FY 2012 and FY 2013.
12. As indicated above, the expenditures for BVCC are assumed to be as follows:

<u>BVCC Projected Expenditures:</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Personal Services	\$1,069,190	\$1,453,414	\$1,598,755	\$1,613,290
Operating Expenses	\$411,494	\$433,298	\$474,461	\$519,535
Equipment	\$215,080	\$7,320	\$7,613	\$7,918
Scholarships	\$20,000	\$30,000	\$30,000	\$30,000
Contingency Fund	\$171,576	\$144,302	\$144,302	\$144,302
Total Expenditures	\$1,887,340	\$2,068,334	\$2,255,132	\$2,315,044
State Funding	\$767,105	\$850,469	\$876,233	\$898,278
Local Funding- levies & tuition	\$1,120,235	\$1,217,865	\$1,378,899	\$1,416,766

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Local Assistance	\$767,105	\$850,469	\$876,233	\$898,278
<u>Funding of Expenditures:</u>				
General Fund (01)	\$767,105	\$850,469	\$876,233	\$898,278
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$767,105)	(\$850,469)	(\$876,233)	(\$898,278)

Effect on County or Other Local Revenues or Expenditures:

Bitterroot Valley Community College Effort and elected board project the following local revenue:

<u>Local Revenue</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Mandatory Levy	\$482,927	\$342,120	\$342,120	\$342,120
Audit Levy	\$5,000	\$5,000	\$5,000	\$5,000
Retirement Levy	\$106,248	\$106,248	\$106,248	\$106,248
Totals	\$594,175	\$453,368	\$453,368	\$453,368

Sponsor's Initials

Date

Budget Director's Initials

Date